

EFFECT OF PRICE, DESIGN AND LOCATION ON DECISION OF PURCHASE AND ITS IMPLICATION ON CUSTOMER SATISFACTION

Fachrul Rizal

Magister Management Faculty of Economic and Business - Syiah Kuala University, Indonesia

Muhammad Adam 

Magister Management Faculty of Economic and Business - Syiah Kuala University, Indonesia

adam_usk@yahoo.com

Mahdani Ibrahim

Magister Management Faculty of Economic and Business - Syiah Kuala University, Indonesia

Abstract

The purpose of this research is to know (1) Post purchase satisfaction , purchase decision, price, design, and residential location in Banda Aceh City, (2) the influence of price, design and location, either partially or simultaneously to decision of purchasing housing. (3) The effect of price, design and location, either simultaneously or partially on post-purchase customer satisfaction (4) the effect of purchasing decisions on post-purchase housing satisfaction; (5) to analyze whether purchasing decisions mediate pricing, design and location on customer satisfaction. The study was conducted in Kota Banda Aceh, with 100 respondents. The results of this study indicate that respondents have a good perception of price variables, design, location, purchase decisions and satisfaction post-purchase housing in Banda Aceh City. Then the research also proves that there is an indirect influence between price, design and location on the satisfaction of post-purchase of housing in Banda Aceh City through purchasing decision.

Keywords: Post Purchase Satisfaction, Purchase Decision, Price, Design, location

INTRODUCTION

The level of need to own a home for residence is increasing. Where population growth continues to increase coupled with the flow of urbanization that never subsided, causing the needs of the house became one of the human needs are felt very urgent. The house in addition to its main function as a residence for its inhabitants, also become a benchmark of the social status of the owner, even often people buy a house for economic purposes, namely as a residence as well as a place of business activity. As the capital of Aceh province, Banda Aceh is a big city that many people visit from various regions with various interests. This situation will of course affect the increasing needs and purchase of housing.

Purchasing decisions may also be influenced by various factors. Kotler and Armstrong (2014) declare that the purchasing decision process begins with the introduction of needs, at which point consumers will identify housing products to meet their needs. Next, consumers will look for information related to the product or service they need. The more information you get, the level of knowledge and consumer awareness of the product will also increase. Consumers will therefore use that information to evaluate alternative brands contained within the set of options as a basis for consideration in making purchasing decisions.

Understanding the stages and factors that affect the consumer's decision-making process in making purchases is an important step in creating customer satisfaction. High customer satisfaction leads to repeated product purchases and communicates a positive impression of the product (Negrisea and Edu, 2016).

LITERATURE REVIEW

Purchase decision

Basically, purchasing decisions are actions or consumer behavior to make a purchase or transaction, the number of consumer purchases become one of the determining factors whether the achievement or absence of corporate goals. The consumer purchase decision is a set of consumer choices made before making a purchase when they have a desire to buy (Sagala et al., 2014). Kotler and Armstrong (2014) conclude that consumer purchasing decisions can be influenced by cultural, sub-cultural, social, group and social networks, family, roles and status, age, occupation, economic situation, lifestyle, personality and self-concept. Furthermore Sagala et al. (2014) states that consumer purchasing processes may also be affected by circumstances, times and locations.

Consumer purchasing decisions are not only in the form of consumer response to the goods and services offered, but also respond to purchasing forms in a pleasant environment by consumers (Diawan et al., 2016). Thus, purchasing decisions can be a measure of whether or

not achieved company goals. Furthermore, in making the decision to purchase the product, the customer's last experience in using the product also affects the desire in the consumer's decision-making process (Ahmed, 2014). Chen et al. (2016) suggests that there are many factors that influence consumer purchasing decisions for companies, such as understanding consumer psychology accurately, if this is done then marketers do not need to do a cutting strategy to attract consumers.

Price

Price is an important part and can not be separated from the marketing mix. Therefore, whenever setting up a pricing strategy, the company should pay attention to the overall company policy as well as product strategy, distribution, and sales promotion. From a company perspective, price references are used when companies compare actual selling prices with internal and external price references (Hsu and Pham, 2015), whereas from consumer price perspectives is one of the factors that determine purchasing management. Price is the value of the goods or services exchanged with a sum of money incurred by the buyer to obtain a combination of goods or services. Price is one of 4P in the marketing mix, such as product, price, place and promotion. Price is the only factor that obviously makes money and gives a clear signal of product success and failure (Al-Salamin and Al-Hassan, 2016).

According to Kenesei (2003) the price is the best cost that can be determined by the buyer, which includes time, displacement costs, and emotional costs. Mirabi et al. (2015) said consumer satisfaction is also strongly influenced by direct price perception and price equity indirectly. While Lee et al. (2010) find prices as a strong predictor of consumer purchasing decisions. But prices have no direct relationship with the intentions of consumer purchases (Mirabi et al., 2015).

Product Design

According to Kotler and Keller (2009) design is "The totality of features that affect the appearance and function of certain products in accordance with what is implied by the customer". Mutsikiwa and Marumbwa (2013) define design as "a touch point that consumers often experience and introduce consumers to a product. then Stanton (1994), "Design is one aspect of product image formation, unique design, can be the only characteristic of a product". In addition, the unique design of a product can affect the consumer purchasing decision making process (Suprianto et al., 2014). "Good design and well-planned can differentiate products and can attract consumers more easily" (Zekiri and Hasani, 2015). According to Singhdong and

Setyawan (2016) "consumer product design offers three things, namely the function of the product, the aesthetic value of the product and the appeal of the product.

Locations

Location is one of the situational factors that affect the purchase decision. In the marketing concept there is a term known as a marketing mix or a marketing mix consisting of product, price, promotion and place or business location. In this marketing mix the business location can also be called the company's distribution channel because its location also directly related to the buyer or the consumer or in other words the location is also a place of producers to channel their products to consumers.

According to Rares and Jorie (2015) the location is strategically located from the reach of consumers that includes the availability of transportation and location of product sales. while Suwarman (2004), "Location is a place of business that greatly affects consumers' desire to come and shop". Suprianto et al. (2014) proves that "location can be a consumer consideration in making purchasing decisions." Furthermore Rares and Jorie et al. (2015) "product location may encourage consumers' intentions in purchasing products".

Customer Decision

Satisfaction occurs when customers are satisfied with product performance. Jiradilok et al, (2014) states that "satisfaction is the result of comparison of previous expectations with perceived product performance of customers". Ahmed (2014) states that customer satisfaction is the level at which customers are happy with the use of products provided to them by the company. Adopted from Oliver on satisfaction, that satisfaction is a summary of the consumer psychological state that results when emotional expectations are met that are related to the cosmic feelings about previous experiences (Khan et al., 2016).

RESEARCH METHODS

The study was conducted in Kota Banda Aceh. The object of research is purchasing decision and post-purchase satisfaction of housing in Banda Aceh City along with three other variables influencing purchasing decision and post-purchase satisfaction ie price, design and location. 100 sample was taken with technique purposive sampling for the customer who already purchase house in Banda Aceh.

Data analysis used in this research is using path analysis (path analysis). Path analysis is a statistical technique used to test the causal relationship between two or more variables, and is also used to see the direct and indirect effects of the variable variables as the causal variable

against a set of other variables that are the result variables (Ghozali, 2012). There are several basic assumptions that must be met to perform path analysis. These assumptions include: (1) the relationship between the variables in the model is linear, meaning the changes that occur in the variable are the functions of the linear changes of other variables that are casual, (2) the interesting variable is the additive, (3) Residual variable not correlated with other variables, (4) variable interval of interest or ratio. Data management techniques used in this study using the assistance program SPSS (Statistical Product and Services)

RESULTS AND DISCUSSION

Purchasing decision is the action or consumer behavior so whether to make a purchase or transaction, the number of consumers in making a decision to be one determinant of whether or not achieved company goals, while post-purchase satisfaction is a function of how close the buyer's expectations of the product in accordance with consumer desires. If the product performance is lower than expected, buyers will be disappointed. Satisfaction post purchase depends on the success of purchasing decisions made by the consumer after seeing the object becomes the goal.

This study found that partially the price set by housing developers in Banda Aceh City has an effect on purchasing decision, this becomes one of consumer consideration in making the decision of purchasing housing in Banda Aceh City. The results of this study support the research (Sagala et al., 2014; Lee et al., 2010; Zhafira et al., 2013) stating that prices have a significant effect on consumer purchasing decisions. However, this result is different from the findings (Mirabi et al., 2015) which states that prices are not a direct predictor of consumer purchase decisions. In terms of consumer purchase intentions (Hsu and Pham, 2015), consumers are also not so concerned about the existence of prices. Furthermore, partial housing design also affects the decision to purchase housing in Banda Aceh City.

The results of this study are consistent with the results of research Singhdong and Setyawan (2016) who found that the design of the product has a significant effect on the purchase decision housing. Another factor that also influences the purchase decision of housing in Banda Aceh City is the location of housing. The location referred to in this study is the distance that must be taken homeowners from downtown Banda Aceh as a reference distance to the residential complex, such as Blower residential complex, Batoh, Ilie Village and Pango Deah.

The hypothesis stated that; Price, desing and location influence significantly to purchasing decision. Table 1 below shown output SPSS for the effect of price, design and location toward Decision of Purchase.

Table 1. The Effect of Price, Design and Location to Purchasing Decision

Variable name	Unstandardized	Standardized	t- value	sig
	Coefficients	Coefficients		
	B	Beta		
Constanta (a)	2,518		24,653	0,000
Price (X1)	0,190	0.419	5,917	0,000
Design (X2)	0,100	0,245	2,462	0,015
Location (3)	0,082	0,256	2,841	0,005
R	= 0,797	a. Predictors (constant) location, Price, and Design		
R square	= 0,635	b. Dependent Variable: Purchasing Decision		
F hitung	= 68,938			
Sig.	= 0,000			
F table	= 2,690			

The results of this study found that simultaneously the price, design, and location variables significantly influence the purchase decision of housing in Kota Banda Aceh with F count > F table ($68.938 > 2,690$) at a significance level of 0.000. This means that price, design and location variables have a direct and significant impact on consumer purchasing decisions. The coefficient of determination (R^2) explains that the influence of these three variables on the purchase decision is 0.635 (63.5%), which means that the increase in purchasing decisions can be explained by price changes, design and location variables 63.5 percent, while the remaining 36.5 % explained by other factors outside of price, design, and location variables. The effect of price, design and location to post purchase decision is shown on tabel 2 below:

Table 2. The Effect of Price, Design and Location to Post Purchase Satisfaction

Variable name	Unstandardized	Standardized	t- value	Sig
	Coefficients	Coefficients		
	B	Beta		
Constanta (a)	2,504		23,303	0,000
Price (X1)	0,194	0.417	5,716	0,000
Design (X2)	0,100	0,239	2,328	0,022
Location (3)	0,081	0,247	0,247	0,009
R	= 0,782	a. Predictors (constant) location, Price, and Design		
R square	= 0,612	b. Dependent Variable: Post Purchase Satisfaction		
F hitung	= 62,562			
Sig.	= 0,000			
F table	= 2,690			

The effect of Price, design and location influence significantly to Post Purchase Satisfaction. The results of this study also show simultaneously variable price, design and location have a significant effect on customer satisfaction after purchase of housing in Banda Aceh City, with value $F_{count} > F_{table}$ ($62,562 > 2,690$) at 0.000 significance level. This means that price variables, designs and locations together affect customer satisfaction after the purchase of housing in Kota Banda Aceh. The location of housing in accordance with the wishes of consumers will greatly influence the decision to make a purchase and also impact on customer satisfaction after making a purchase. However Singhdong and Setyawan (2016) found that the location or distribution channel had no effect on consumer purchasing decisions. Furthermore, the direct effect of price on customer satisfaction after purchase is 0,417 (41,7%) and indirect influence of price to satisfaction of post purchase is 0,410 (41%), it indicates that direct price can have significant effect to consumer satisfaction.

The coefficient of determination (R^2) of price, design and location variables on the satisfaction of post consumer purchases is 0.612 (61.2%), which means that customer satisfaction after purchase can be explained by changes in price and design variables, location decision and purchase decision of 61, 2 percent, while the remaining 38.8 percent is explained by other factors outside of price, design, and location

Furthermore, the direct effect of the design on post-purchase customer satisfaction is 0.239 (23.9%) and the indirect influence of the design on post-purchase customer satisfaction is 0.240 (24.0%), so it can be said that post-purchase customer satisfaction is not directly influenced by product design variables through consumer purchasing decisions. Furthermore, the direct influence of the location to the satisfaction of post-purchase of 0.247 (24.7%), and the indirect influence of the location on the satisfaction of post-purchase of 0.251 (25.1%), indicating that indirectly affect the satisfaction of post-purchase through decision variables consumer purchases. Thus the influence of the location indirectly can increase post-purchase satisfaction.

CONCLUSION

The results show that price, design, location both simultaneously and partially influence the purchase decision of housing in Banda Aceh City. Both hypotheses show that price, design and location both simultaneously and partially affect post-purchase housing satisfaction in Banda Aceh City. The results also prove that purchasing decisions also affect the satisfaction of post-purchase housing in Banda Aceh City, there is indirect influence of price, design and location on the satisfaction of post-purchase of housing in Banda Aceh City through purchasing decision.

SCOPE FOR THE FUTURE STUDIES

The pricing for housing in Kota Banda Aceh should be determined based on the type and quality of the house, so that the price set does not become a burden for the consumer. Housing design should also pay attention to the consumers' tastes and follow the model. the concept of modern minimalist housing, so it can affect purchasing decisions and improve customer satisfaction after buying a home. The location problem should also be the developer's concern, so the developer needs to consider the appropriate location for housing, so that it can cause the consumer's desire to buy home-based products.

REFERENCES

- Ahmed, Z. (2014). Effect of brand trust and customer satisfaction on brand loyalty in bawalpur. *Journal of Sociological Research*. Vol. 5, No. 1, pp. 306-326.
- Al-Salamin, H. and Al-Hasan, E. (2016). The impact of pricing on consumer buying behavior in Saudi Arabia: Al-Hassa case study. *European Journal of Business and management*. Vol. 8, No. 12, pp. 62-73.
- Dapkevicius, A. And Melnikas, B. (2009). Influence of price and quality to customer satisfaction: Neuromarketing approach. *Business in XXI Century*. Vol. 1, No. 3, pp. 17-20.
- Diawan, N.S; Kusumawati, A; and Mawardi (2016). The influence of store atmosphere on purchase decision and it's impact on customer's satisfaction. *Jurnal Administrasi Bisnis (JAB)*. Vol. 30, No. 1, 8-16.
- Ghozali, I. (2012). *Aplikasi analisis multivariate dengan program IBM SPSS 20*. Edisi 6. Badan Penerbit Universitas Diponegoro, Semarang.
- Hsu, Y. and Pham, H. (2015). Effects of reference pricing on customer purchasing intention. *International Review of Management and Business Research*. Vol. 4, Issue 4, pp. 1156-1170.
- Jiradilok, T; Malisuwan, S; Madan, N; and Sivarak, J. (2014). The impact of customer satisfaction on online purchasing: A case study analysis in Thailand. *Journal of Economics, Business and Management*. Vol. 2, No. 1, 5-11.
- Kenesei, Z. and Todd, S. (2003). The use of price in the purchase decision. *Journal of Empirical Generalisations in Marketing Science*. Vol. 8, pp. 1-21.
- Khan, M.N.; Rizwan, M.; Islam, F.; Aabdeen, Z.U. and Rehman, M. (2016). The effect of brand equity of mobil phones on customer satisfaction: An empirical evidence from Pakistan. *American Journal of Business and Society*. Vol. 1, No. 1, pp. 1-7.
- Kotler, P and Keller, K.L. (2009). *Manajemen Pemasaran, Terjemahan: Bob Sabran*. Edisi 13 Jilid 1 dan 2, penerbit Erlangga.
- Kotler, P. and Armstrong, G. (2014). *Principles of Marketing, Global Edition, 15th ed*, Pearson.
- Lee, A. and Body, A.L. (2010). Perceived price fairness of dynamic pricing. *Journal of Industrial Management and Data System*. Vol. 111, pp. 531-550.
- Mirabi, V.; Akbariyeh, H.; and Tahmasebifard, H. (2015). A study of factors affecting on customers purchase intention. Case study: the agencies of bono brand tile in Tehran. *Journal of Multidisciplinary Engineering Science and Technology (JMEST)*. Vol. 2, Issue 1, pp. 267-273.
- Mutsikiwa, M.; and Marumbwa, J. (2013). The impact of aesthetics package design element on of consumer purchase decision: A case locally products in southern Zimbabwe. *IOSR Journal of Business and Management*. Vol. 8 Issue, 5, pp. 64-71

Negrisea, C.; and Edu, T. (2016). Characteristics of the buying decision process for Japanese products-a european customer's market perspective. *Romanian Economic and Business Review*. Vol. 10, Nomor. 4, pp. 187-198.

Sagala, C.; Destriani, M.; Putri, U.K.; and Kumar, S. (2014). Influence of promotional mix and price on customer buying decision toward fast food sector: A survey on university student in Jabodetabek Indonesia. *International Journal of Scientific and research Publications*. Vol. 4, Issue 1, pp. 1-7.

Singhdong, P.; and Setyawan, H. (2016). Analysis of effect of product quality, product design, distribution channel toward purchase decision of soy milk with ABC company. *International Journal of Applied Computer Technology and Information System*. Vol. 6 No. 2, pp. 34-39.

Stanton, W.J. (1994). *Fundamental of Marketing*. Thenth ed. Mc, Graw Hill Inc; Singapore.

Suprianto, D.; Susanta, H. and Nurseto, S. (2014). The effect of product design, price and location toward purchase decision. *Jurnal Ilmu Administrasi Bisnis*. Vol. 3 No. 4.

Suwarman, U. (2004). *Perilaku Konsumen Teori dan Penerapannya dalam Pemasaran*, Penerbit: PT Ghalia Indonesia, Bogor.

Zekiri, J. And Hasani, V.V. (2015). The role and impact of the packaging effect on consumer buying behaviour. *ECOFORUM*. Vol. 4, Special Issue 1, pp. 232-240.

Zhafira, N.H.; Andreti, J.; Akmal, S.S. and Kumar, S. (2013). The analysis of product, price, place, promotion and service quality on customer's buying decision of convenience store. A survey of young adult in Bekasi, West Java, Indonesia. *International Journal of Advances in Management and Economics*. Vol. 2, Issue 6, pp. 72-78.